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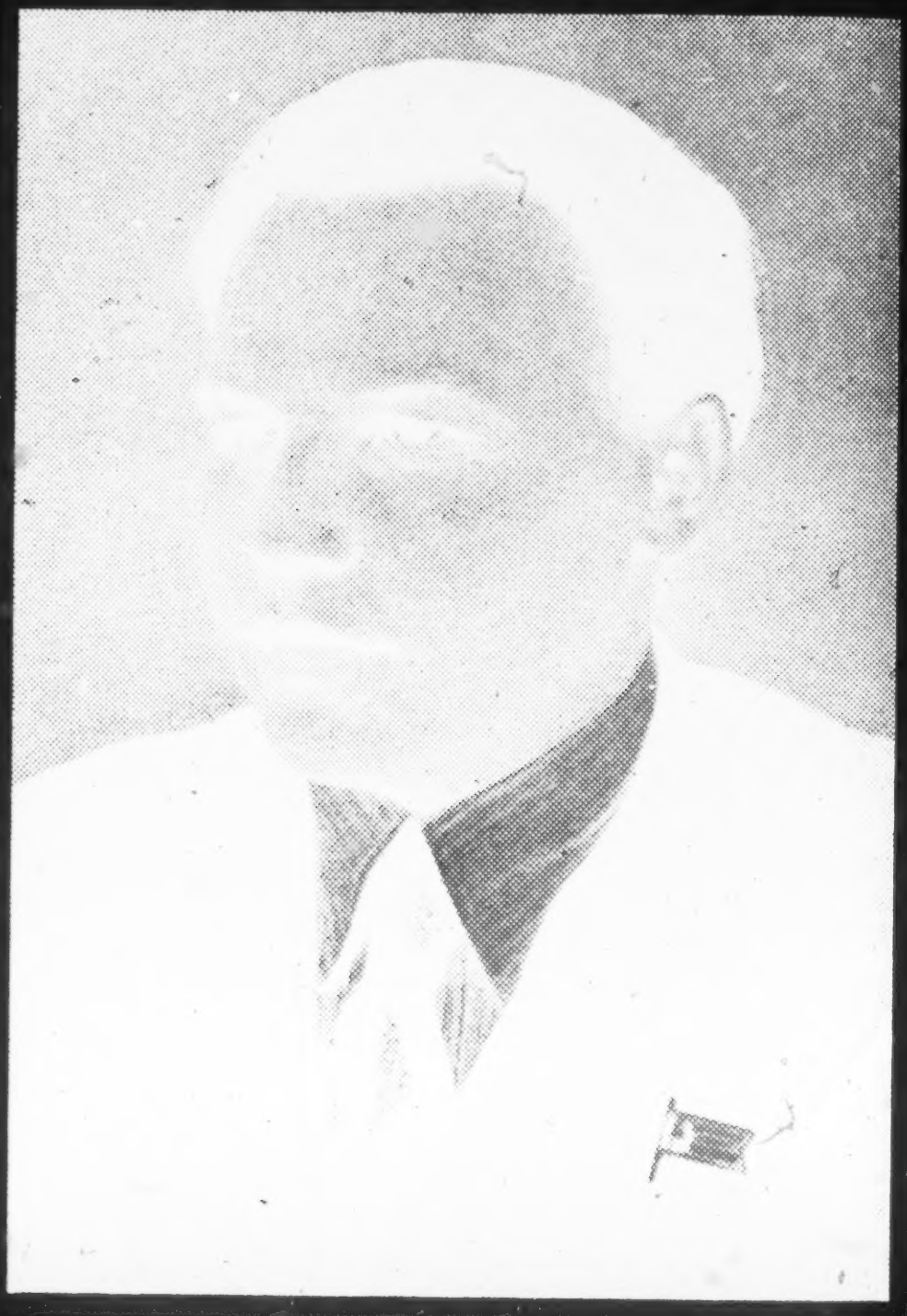
N. VOZNESENSKY

ECONOMIC RESULTS OF THE U.S.S.R. IN 1940 AND THE PLAN OF NATIONAL ECONOMIC DEVELOPMENT FOR 1941

FOREIGN LANGUAGES PUBLISHING HOUSE
MOSCOW 1941



N. VOZNESENSKY

ECONOMIC RESULTS OF THE U. S. S. R. IN 1940 AND THE PLAN OF NATIONAL ECONOMIC DEVELOPMENT FOR 1941

REPORT DELIVERED AT THE EIGHTEENTH
ALL-UNION CONFERENCE OF THE C. P. S. U. (B.)
FEBRUARY 18, 1941

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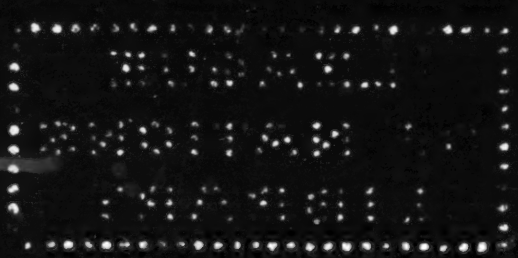

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I. RESULTS OF 1940

Comrades, the year 1940 was marked by a new socialist advancement and the further progress of the Soviet Union. Neither economic crisis in the capitalist countries nor imperialist war has been able to halt, or could have halted, the development of our national economy.

The Soviet economic system is not liable to the influence of the fevers which are constantly attacking capitalist economy, especially under the blows of crises and wars. Nevertheless, we too have something to learn from the lessons of the present imperialist war.

Modern imperialist war, regarded from the technical and economic standpoint, is a war of engines: engines in the air and engines on land. The relative strength of the two belligerent groups of capitalist countries is to a large extent determined by the production of engines. Engines require a high level of technique and large quantities of oil and non-ferrous metals. The entire industry of the capitalist countries, including that of the United States of America, is being reconstructed along these lines.

Modern imperialist war is also to a large extent a war of reserves. The protracted nature of the war, its destructive character, and the breakdown of the bourgeois international system of division of labour all demand the accumulation by the belligerent imperialist countries of huge raw material, fuel, metal and production reserves.

The Soviet Union cannot close its eyes to these technical, economic and other features of modern warfare, and it is taking measures to equip its national economy with up-to-date technique and generally to keep the country in a proper state of preparedness.

I shall cite the most general indices showing the growth of production in the Union of Soviet Socialist Republics and in the United States of America during the past few years. If we take the level of 1929 as 100, output in 1940 was as follows:

United States of America	111
Union of Soviet Socialist Republics	534

In 1940, even with the military mobilization of industry, the United States of America, according to the latest figures, increased its output compared with 1929 only by 11 per cent. But in the same period the Soviet Union increased the output of socialist industry by 430 per cent.

Such are the laws of capitalist and socialist reproduction. At the same time, economically, that is, in respect to output per head of population, we, as you know, are still behind the United States of America—our output of steel, coal and electricity being one-third or one-fourth of the latter's. We have still to make good this discrepancy, or, in other words, to solve the principal economic task of the U.S.S.R.

The national economy of the U.S.S.R. is developing systematically in accordance with the laws of extended socialist reproduction, which implies, first and foremost, a steady growth of production in all branches of the national economy.

In the first three years of the Third Five-Year Plan, the industrial output of the U.S.S.R. increased from 95,500 million rubles in 1937 to 137,500 million rubles in 1940, or by 44 per cent. This includes an increase in the output of the machine-building and metal-working industry by 76 per cent.

In respect to the output of the defence industry, the government was guided by a simple truth, namely, if you want to be prepared for any "surprises," if you do not want our people to be caught unawares, keep your powder dry and do not stint means on the production of aircraft, tanks, armaments, warships and shells.

The output of means of production in industry in 1940 increased by 13.8 per cent as compared with 1939, and by 52 per cent as compared with 1937. The output of articles of consumption increased in 1940 by 7 per cent as compared with 1939, and by 33 per cent as compared with 1937. The increase of production in the Soviet Union was accompanied by a reconstruction of industry, especially of the machine-building industry, for the purpose of producing the most advanced and up-to-date equipment needed by the national economy and for the defence of the country.

Nevertheless, the provisions of the Third Five-Year Plan as regards rate of increase of industrial output were somewhat under-fulfilled. Instead of 14 per cent, as stipulated by the Five-Year Plan, the actual average annual rate of increase of output in the past three years was about 13 per cent. This under-fulfilment of the plan as regards rate of increase of production was chiefly due to the fact

that the iron and steel industry at the beginning of the Third Five-Year Plan period lagged behind the established plan.

Railway freight carriage increased from 392,000 million ton-kilometres in 1939 to 409,000 million ton-kilometres in 1940. River-borne freight increased from 34,600 million ton-kilometres in 1939 to 36,000 million ton-kilometres. However, there are grave defects in the work of the railways: we still have irrational carriage of freight, which places an unnecessary burden on the railways, while the restricted traffic capacity of a number of sections and lines has not been eliminated.

There has been an increase in the gross harvest of grain, sugar beet, sunflower seed, potatoes and vegetables. The grain crop of the U.S.S.R. in 1940 amounted to about 7,300 million poods.

In 1940 the increase in livestock in the collective farms was: large horned cattle by 12 per cent, hogs by 15 per cent, sheep by 25 per cent, and goats by 34 per cent. Socialized collective farm animal husbandry is confidently increasing its share in the total head of livestock of the country.

Extended Socialist reproduction further implies a steady increase in socialist accumulation, which is above all apparent in the level of capital investment.

Total capital investments in the national economy of the U.S.S.R. amounted in 1940 to nearly 38,000 million rubles (including about 6,000 million rubles of decentralized capital investment).

During the first three years of the Third Five-Year Plan, the volume of capital investments in the national economy of the U.S.S.R. totalled 108,000 million rubles (including 17,500 million rubles of decentralized capital investment).

During the first three years of the Third Five-Year Plan state industry (not including district industry of a local character) was reinforced by the putting into operation of about 2,900 new mills, factories, mines, power stations and other plants. Let me remind you that throughout the whole period of the First Five-Year Plan a total of 1,500 new industrial plants were put into operation in the U.S.S.R.

The effect of the new plant put into operation in the first three years of the Third Five-Year Plan has been to increase the capacity of the coal mines by 51 million tons, the capacity of the power stations by approximately 2,400,000 kilowatts, the capacity of the blast furnaces by 2,900,000 tons of pig iron, and the capacity of

the cotton textile mills by about 1,000,000 spindles, besides other production capacities.

However, the plan of capital development and of putting new plants into operation has not been quite fulfilled.

Extended socialist reproduction in the U.S.S.R. further implies a steady rise in the material standard of the working people, an increase in their consumption.

The absolute increase of the national income in the first three years of the Third Five-Year Plan, calculated at fixed prices, amounted to 29,500 million rubles, the rise being from 96,000 million rubles in 1937 to 125,500 million rubles in 1940.

The aggregate payroll in the national economy of the U.S.S.R. increased, in the branches of industry envisaged in the Third Five-Year Plan, from 82,200 million rubles in 1937 to 123,700 million rubles in 1940, or by 50 per cent.

The monetary incomes of the collective farms increased from 14,200 million rubles in 1937 to 18,300 million rubles in 1939. Preliminary data for 1940 indicate a further considerable increase in the incomes of the collective farms, in money and in kind, as compared with 1939.

State and cooperative retail trade increased from 126,000 million rubles in 1937 to 174,500 million rubles in 1940.

Thus, in spite of the hostilities on the frontiers of the Soviet Union in 1939 and the beginning of 1940, the national economy of the U.S.S.R. has in the past year made a big stride towards the fulfilment of the Third Five-Year Plan, confidently gaining momentum from month to month.

Of the results for 1940, special mention should be made of the beginnings of a considerable increase in the smelting of metal and the extraction of fuel.

Towards the end of 1940 the average daily output of pig iron had increased to 46-47,000 tons, as against 40,000 tons at the end of 1937.

The daily output of steel increased to 58-59,000 tons, as against 50-51,000 tons at the end of 1937.

The daily output of coal in the mines of the People's Commissariat of the Coal Industry had increased by the end of 1940 to 467,000 tons, as against 370,000 at the end of 1937.

The average daily output of oil and oil-gas at the end of 1940 had risen to 97-98,000 tons, as against 84-86,000 tons at the end of 1937.

In spite of these increases, the progress that has begun in the metallurgical and fuel industries cannot be regarded as adequate. The increase in the output of metal falls short of the provisions of the Third Five-Year Plan and is still not sufficient to cover the growing requirements of the national economy of the U.S.S.R. The oil industry likewise continues to lag behind the provisions of the Third Five-Year Plan.

Of the results for 1940, mention should also be made of the improvement in labour discipline and the increase in working time spent by workers and office employees in production. The improvement in the activities of industry and the transport services in the latter half of 1940 was in a large measure due to improved labour discipline and increased working hours. This was most of all to be observed in such branches of the extracting industry as ore mining and coal mining, which, in their turn, provided a production base for the advancement of metallurgy and other branches of the national economy.

However, by no means all the plants and People's Commissariats made full use of the potentialities for increased production created by the Ukase of the Presidium of the Supreme Soviet of the U.S.S.R. of June 26, 1940. The People's Commissariat of the Timber Industry and the People's Commissariat of the Building Materials Industry rank first among the People's Commissariats in this respect. Although the plants of these industrial Commissariats somewhat improved their activities in the latter half of the year, nevertheless their plans for 1940 were considerably under-fulfilled. The People's Commissars of the Timber and the Building Materials Industries must draw a serious lesson from this fact.

In 1940 conditions were created for an acceleration of the rate of development of industry and of the entire national economy of the U.S.S.R. as compared with the earlier years of the Third Five-Year Plan. Chief among these conditions are:

a) The beginnings of an advance of the metallurgical and fuel industries, which creates a solid basis for the development of the entire national economy;

b) The increase in working time by about 15 per cent as compared with the earlier years of the Third Five-Year Plan and a decided improvement in labour discipline.

The most vital and decisive condition for further progress is that the attention of the Party organizations be turned to the necessity

of displaying the maximum concern for the needs and interests of industry and transport.

Such are the principal economic results of the year 1940.

II. ECONOMIC PLAN FOR 1941

The tasks of the national-economic plan for 1941 follow from the decisions of the Eighteenth Congress of the C.P.S.U.(B.) on the Third Five-Year Plan of National-Economic Development. The state plan for 1941 adopted by the Central Committee of the C.P.S.U.(B.) and the Council of People's Commissars of the U.S.S.R. proceeds from the following tasks:

Firstly, to consolidate our economic independence in relation to the capitalist world; we must not be dependent on the capitalist economy, especially as regards metallurgy and machine building.

Ensuring the Soviet Union's economic independence in relation to the capitalist world is one of the forms of our struggle against capitalism. The imperialist war, by closing the markets in the majority of the capitalist countries, has only served to lay added stress on this task. In the plan for 1941 it is met by accelerating the increase of production of special types of machines and of rare metals, as well as by the program for the erection of new plants, especially in the sphere of machine building and metallurgy.

Secondly, the plan for 1941 proceeds from the task of developing socialist production to the utmost in all branches of the national economy, which implies a further step towards the completion of the construction of classless, socialist society in the U.S.S.R.

In the plan for 1941, this task is met by the rapid rate of development of socialist industry, especially in its leading branches, as well as of transport and agriculture.

Thirdly, the plan for 1941 proceeds from the task of not allowing any disproportion between the various branches of the national economy, and of making good any discrepancies that may arise by increasing the state reserves and creating new reserves.

As you know, the proportion between the various branches of the national economy of the U.S.S.R. changes in accordance with the tasks which the Party and government lay upon the national economy. As far as the plan for 1941 is concerned, the task of not allowing any disproportion between the various branches of the national economy implies increasing the rate of development of

metallurgy and machine building, and hence of the whole group of industries producing means of production. It is particularly necessary to further increase the output of iron, steel, non-ferrous metals, coal and oil, and to develop all branches of machine building to the utmost.

The state plan of national-economic development of the U.S.S.R. for 1941 adopted by the Central Committee of the C.P.S.U.(B.) and the Council of People's Commissars of the U.S.S.R. envisages the following principal economic tasks:

To increase the gross output of the industries of the U.S.S.R. to 162,000 million rubles, representing an increase of 17 or 18 per cent as compared with 1940;

To increase the output of pig iron to 18,000,000 tons, of steel to 22,400,000 tons, and of rolled steel to 15,800,000 tons;

To raise the output of coal to 191,000,000 tons, of oil and gas to 38,000,000 tons, and of peat to 39,000,000 tons;

To raise the output of the machine-building industry by 26 per cent as compared with 1940;

To increase the capacity of the power stations by 1,750,000 kilowatts;

To increase the capacity of the cotton textile industry by 850,000 spindles;

To increase the gross grain crop by 8 per cent;

To ensure the average daily loading of 103,000 cars on the railways;

To increase the turnover of state and cooperative retail trade to 197,000 million rubles;

To increase productivity of labour in industry and building construction by 12 per cent;

To lower production costs in industry by 3.7 per cent and thus ensure an additional accumulation in industry amounting to 7,300 million rubles;

To fulfil the program of capital investment amounting to 57,000 million rubles (including 9,000 million rubles of decentralized capital investment);

To secure a further increase in the state material and financial reserves.

Such are the principal items of the state plan for 1941.

As regards the various branches of the national economy, the provisions of the plan are as follows:

The proposed increase in output of means of production and articles of consumption by the industries of the U.S.S.R. will be seen from the following figures:

	1940	*1941* (plan)	Increase
	Millions of rubles		Per cent
Production of means of production	83,900	103,600	23.5
Production of articles of consumption	53,600	58,400	9.0

You will thus see that the increase in the output of articles of consumption will be accompanied by an even more rapid increase in the output of means of production.

This more rapid increase in means of production is indicative of the progressive character of socialist society, which is furthering its productive forces.

The increase in various items of production in 1941, taking the level of 1940 as 100, is as follows:

Coal	116	Locomotives	142
Oil	111	Freight cars	194
Electricity	114	Machine-tools	128
Iron	121	Cement	138
Steel	122	Timber	136
High quality rolled steels	123	Paper	124
Aluminium	166	Cotton fabrics	111
Copper	131	Leather footwear	111
Nickel	199	Refined sugar	127
Molybdenum	428	Canned goods	124

In accordance with the Ukase of the Presidium of the Supreme Soviet of the U.S.S.R. of July 10, 1940, the plan for 1941 demands a decided improvement in the quality of goods produced. All branches of industry are confronted with new tasks with regard to quality, such as the output of more efficient machinery, of various high-grade metals, and of new, up-to-date equipment.

The iron and steel industry is to increase the output of special alloy steels as compared with 1940 by 100 per cent, of special sheet steel by 85 per cent, and of high speed tool steel by 125 per cent.

The non-ferrous metals industry must ensure the output of high quality non-ferrous and rare metals in no way inferior in standard to those of the technically advanced capitalist countries.

I have to mention this because the People's Commissariat of the Non-Ferrous Metals Industry has not yet drawn all the lessons it

should from the decision of the Central Committee of the C.P.S.U.(B.) regarding the quality of output of the plants of that Commissariat.

The machine-building industry has to ensure the mass output of new kinds of equipment, highly efficient machine-tools and presses. In particular, the output of automatic and semi-automatic machine-tools is to increase by 76 per cent.

The industry of the U.S.S.R. has every opportunity of not only fulfilling, but even of over-fulfilling the plan for 1941. The level of production attained in the fourth quarter of 1940 has created a solid basis for the fulfilment and over-fulfilment of the 1941 program. As an example, I will cite the programs for the output of pig iron and of freight cars.

In the fourth quarter of 1940 the average daily output of pig iron had already reached to almost 95 per cent of the average daily output provided in the plan for 1941. Hence, in order to fulfil the yearly plan, all the metallurgists have to do is to increase output by about 6 per cent as compared with the level of the fourth quarter of 1940. It is obvious that this plan can not only be fulfilled, but over-fulfilled.

Or take the production of freight cars. The actual average daily output of cars in the fourth quarter of 1940 already amounted to 90 per cent of the average daily output planned for 1941. Consequently, all the car builders have to do in order to fulfil the plan for 1941 is to increase output by about 12 per cent as compared with the fourth quarter of 1940. It is obvious that this plan too can not only be fulfilled, but over-fulfilled.

All that is necessary is to mobilize the unutilized potentialities and reserves of our industry.

One of these potentialities and reserves is the full utilization of existing machinery.

The results of the census of machine-tools and presses, to which Comrade Malenkov has already referred, testify to an enormous growth in the number of metal-cutting machines, forging machines and presses in the industry of the U.S.S.R., and to the immense potentialities of our machine-building industry.

Censuses of metal-working machinery were taken in 1932 and in 1940. During this interval the total number of metal-cutting machines in the industry of the U.S.S.R. had increased by 250 per cent, and of forging machines and presses by 200 per cent. This increase is significant of the immense advance in the development of industry,

and especially of the machine-building industry, during the Second and Third Five-Year Plan periods of socialist construction.

However, these results of the census also show that our metal-cutting machine-tools, forging machines and presses are being utilized altogether unsatisfactorily. The census disclosed that on November 1, 1940, there were about 46,000 machine-tools and 8,000 forging machines and presses at our plants, both operating and under construction, which had not yet been installed.

Furthermore, on the day of the census, November 1, 1940, 70,000 machine-tools and 15,000 forging machines and presses were standing idle. They were standing idle either because of repairs or for various causes connected with the general working of the plants: untimely delivery of tools, fixtures and stock, or shortage of workers.

If from the total number of uninstalled and idle metal-cutting machines we exclude those that were in process of installation or under repair, as well as those which the plants considered unfit for use, even so we get over 30,000 that were not installed, and, of those that were installed, 38,000 that were standing idle, or a total of 68,000. The value of this reserve of the Soviet machine-building industry may be seen from the fact that in 1929, its best year, the United States of America turned out about 65,000 machine-tools.

Another potentiality and reserve for the development of industry is the improvement of production technique, the use of perfected machinery and the introduction of more advanced technological methods. Allow me to cite a few examples in illustration.

First example: automatization of the technological process in foundry work. The essence of the process is as follows. Castings are usually made in earthen moulds. But when the process is automatized, as has been done at the Klimovsk Machine-Building Works, for example, earthen moulds are not used. Instead, the metal is poured into permanent metal moulds installed on a special casting machine of a revolving type, consisting of twelve sections. This machine makes it possible to maintain continuous casting and to turn out 10,000 castings in a two-shift day, or 3,000,000 castings a year.

Continuous casting in permanent moulds on a machine of the revolving type, combined with the mechanization of other operations and the employment of highly efficient automatic equipment for the machining of parts after casting, makes it possible to reduce foundry space to one-sixth, the number of average-skilled workers by over 60 per cent, the amount of spoilage in casting by 50 per cent,

the number of metal-cutting and auxiliary machines by 75 per cent, and the cost of production by 50 per cent, and at the same time to secure an iron casting very little inferior to Bessemer steel.

This method of casting in permanent moulds should be widely adopted in the machine-building industry. Automatization of production will make it possible greatly to increase the capacity of existing foundries and to lower production costs.

Second example: stamping instead of forging of parts. The essence of the process is as follows. In forging, the part is held between the two flat jaws of the power hammer or press, and, by a series of successive blows manipulated by the smith, is hammered into a rough form, which requires a considerable amount of subsequent machining. In stamping, the heated metal is forced by a series of powerful blows of the hammer or press into the cavities of a die, only a slight amount of subsequent trimming being necessary. The effect is to decrease the margin of metal allowed for machining; in many cases a perfectly smooth surface is obtained, and the time spent on machining and the expenditure of metal are reduced. Let me cite as an instance the production of part No. 24 at the Molotov Machine-Building Works.

	Forging	Stamping
Production time (minutes)	100	7
Percentage of turnings and waste to net weight of part .	120-130	40-50

It should be mentioned that stamping, of course, requires more powerful and precise machinery and entails the making of dies. Stamping may be employed in all mass production or serial production machine-building plants.

Third example: automatic welding with bare electrodes by the method developed by the Electro-Welding Institute of the Ukrainian Academy of Sciences. The essence of this method is as follows. The welding is done with a bare electrode, the part being covered by a thick layer of flux. This protective layer concentrates the heat and the metal melts more quickly. Protected by the layer of flux, the molten metal, and consequently the welded seam, contains no pernicious admixtures and acquires higher mechanical qualities. The more rapid process of heating the metal, the automatic application of flux and electrode, and the automatic transplacement of the welding machinery effect a considerable saving of time and labour. Productivity of labour increases as much as five to ten-fold, and the expenditure of labour and material is reduced.

The wide adoption of this method of automatic welding is quite feasible, and in fact essential, at many of our machine-building works, in the shipyards, and on construction jobs.

Fourth example: machine-tools with automatic measuring appliances. The essence of this system is as follows. The common method of measuring a part in process of machining does not ensure the necessary precision and reduces the efficiency of the machine, since, to be measured, the part has to be removed and the machine stopped for the purpose, entailing a loss of time. By the method of automatic measurement, an appliance is attached to the automatic machine-tool which makes it possible, without the intervention of the worker, and without stopping the machine or removing the part, automatically to check its quality and readiness. Automatic measurement ensures accuracy of work and considerably reduces spoilage; it curtails the time the machine is idle by 20 or 30 per cent, and enables one worker to operate three or four machine-tools instead of one. Although automatic measurement may be applied in a very wide field, it is still being used all too little at our plants.

Thus, you see, the use of up-to-date machinery and technological methods creates vast additional potentialities for the growth of our industry.

A third potentiality and reserve for the further growth of production lies in reducing production costs and cutting down the numerous overhead expenses.

The profits of socialist industry are increasing from year to year. The net profit of the plants of the industrial People's Commissariats of the U.S.S.R. amounted to 5,200 million rubles in 1938, and 8,500 million rubles in 1939, and rose to nearly 14,000 million rubles in 1940. As you know, the capitalist law of profits does not hold sway in Soviet industry. The policy of the Party with regard to the development of the various branches of industry is guided by the interests of the victory of Socialism and the preservation of the Soviet Union's independence in relation to the capitalist world, and not by the amount of profit. If this had not been so, it would not have been heavy industry, but the flour-milling and distilling industries, that would have developed fastest of all, since they are the more profitable.

Nevertheless, the elimination of loss in industry and the lowering of cost of production is a task of prime importance, for it puts the plants on a sound basis, increases their working capital, and helps to accelerate production. It therefore cannot be regarded as normal that

certain important branches of industry are still running at a loss, as, for instance, the timber industry in 1940, where a loss of 11 or 12 rubles was incurred on every cubic metre of timber, and in the shale industry, where in 1940 a loss of 33 rubles was incurred on every ton of shale quarried.

Opportunities of reducing overhead charges and production costs are literally to be found on every hand. Take spoilage. A number of plants are obviously failing to cope with the task of turning out good quality product. Losses due to spoilage at the plants of the machine-building People's Commissariats and of the People's Commissariat of the Iron and Steel Industry amounted in 1940 to about 2,000 million rubles. If this spoilage were reduced by half it would mean a net additional increase of output to a value of 1,000 million rubles.

One fertile means of lowering production costs is to reduce overhead expenses. These expenses are far too high. There are too many office employees at the plants compared with the number of workers.

In the plants of the Union and Republican People's Commissariats there were 75 office employees to every 1,000 workers in 1937, 90 in 1939, and 87 in 1940. As you see, in 1940 the proportion of office employees to workers dropped a little, but it was still considerably higher than in 1937. The proportion of office employees can and must be reduced at least to the level of 1937, which, in fact, is provided for in the plan for 1941. This will furnish an additional labour reserve for production and reduce unproductive charges.

In order to be able to utilize all these and other potentialities for the growth of our industry, we must develop the system of giving material inducements to workers to fulfil the plan well and economically, and must therefore thoroughly eradicate equalitarianism, and unfairness in the payment of labour at the plants.

Unfairness and equalitarianism still persist in industry as between auxiliary workers and basic productive workers: as a rule, the auxiliary workers have lighter standards of output; what is more, insufficient supervision is exercised to see that these standards are observed.

Unfairness also exists with regard to the payment of the labour of business executives and engineering and technical personnel at the plants: executives who get their plans fulfilled, and pseudo-executives who do not, are remunerated equally. If this unfairness is eliminated and a proper system of material inducement adopted, new potentialities for the growth of our industry will be created.

Such are the provisions of the plan for 1941 in the sphere of industry.

AGRICULTURE

I shall now pass to agriculture. The year 1940 was marked by the further consolidation of the collective farm system and the further progress of agriculture. Of the measures taken by the Party and the Government to consolidate the collective farm system in the past year, the most important are the following:

Firstly, measures to protect the socialized land of the collective farms from being squandered. These measures nipped in the bud the tendency to allow free scope to private property relations in our countryside, against which Comrade Stalin had warned the Party;

Secondly, the adoption of the system of calculating the amount of produce from tillage and stockbreeding to be delivered to the state on the basis of the number of hectares of land in each collective farm. This decision has given a spur to the initiative of collective farmers in developing socialized farming, especially socialized stockbreeding in the collective farms;

Thirdly, the decision of the Central Committee of the C.P.S.U.(B.) and of the Council of People's Commissars of the U.S.S.R. relating to additional payment of the labour of collective farmers in the Ukrainian Republic for increased yields of agricultural and livestock produce.

These decisions and measures are historical in the matter of developing and consolidating the victory of Socialism in the countryside. They are helping to further and strengthen socialist agriculture. The role of planning in agriculture has also been enhanced. The indices of the plan of crop yield and livestock productivity now acquire greater validity in connection with the additional payment of the labour of collective farmers who exceed these indices. Thus planning in agriculture has acquired a tremendous additional force.

The *increase* of the *area* of the principal crops envisaged in 1941 is as follows:

	Millions of hectares	Per cent of 1940
Total crop area	157.0	103.9
Including:		
Grain crops	111.1	100.2
Industrial crops	12.0	101.7
Vegetables, melons and potatoes	11.4	112.9
Fodder crops	22.5	124.3

These figures show:

1) That the area of all crops is to increase on an average by nearly 4 per cent.

2) That the increase in area is to be largest of all in the case of fodder and vegetable and melon crops.

3) That the grain area is to remain almost the same as in 1940.

This change in the structure of the crop area is mainly connected with the adoption of a correct crop rotation system and with a considerable increase in the fodder area.

There is likewise a considerable increase in the *gross harvest* of grain and industrial crops. The gross harvest of grain in 1940 increased by 7.3 per cent, of sugar beet by 18.6 per cent, of sunflower seed by 13.2 per cent, and of potatoes by 35.6 per cent.

In spite of the unfavourable weather conditions of the year 1939-40 (unusually severe frosts, a protracted spring, and drought conditions in the East), the gross harvest of grain and industrial crops in 1940 greatly exceeded that of 1913, which was a favourable year for agriculture, and of succeeding years. The cotton and flax crops in 1940, although they considerably exceeded those of 1913 (cotton by 240 per cent and flax by 50 per cent), nevertheless fell short of the provisions of the plan, a fact to which the organs of the People's Commissariat of Agriculture and the local Party organizations should pay particular attention.

The 1941 plan provides for a further increase in the gross output of agriculture: grain, raw cotton, flax fibre, sugar beet, potatoes, etc. The gross grain harvest should increase in 1941 to about 7,900 million poods, chiefly on account of increased crop yield.

In this connection, it is highly important to note the increase of grain crops in the South-Eastern and Eastern regions of the U.S.S.R. In the Volga Region, a grain crop of 937 million poods was obtained in 1940, which exceeds the crop of 1913, considered to be the best harvest year Russia had known, by 32 per cent.

The share of the Eastern regions in the total grain crop of the Soviet Union has increased considerably. In spite of drought conditions, the grain crop in these areas in 1940 amounted to 1,482 million poods, exceeding the level of 1913 by 88 per cent. Thus a reliable granary for the peoples of the Soviet Union has been created in the South-Eastern and Eastern parts of our country.

The number of machines employed in agriculture in the Soviet Union has increased. In 1940 the number of tractors increased to 523,000, as compared with 483,000 in 1938, and the number of har-

vester combines to 182,000, as compared with 153,000 in 1938. This in addition to many other kinds of machines, simple and complex. With this machinery as a basis the progress of socialist agriculture has become stable.

Thanks to the measures taken by the Central Committee of the C.P.S.U.(B.) and the Council of People's Commissars of the U.S.S.R. to encourage socialized stock breeding—the fixing of minimum number of cattle in the collective farms, and the adoption of a per hectare basis for the determination of meat deliveries to the state—the collective farms are able to register important successes in the organization of livestock departments, in the increase of stock and in higher productivity of animal husbandry.

During the first three years of the Third Five-Year Plan, the number of livestock departments in the collective farms increased as follows:

	Jan. 1, 1938	Jan. 1, 1941	Increase Per cent
Total number of livestock departments	347,000	618,000	78
Including:			
Large horned cattle departments	132,000	234,000	77
Sheep „	71,000	216,000	204
Pig „	77,000	168,000	118

By the beginning of 1941, for every 100 collective farms, there was an average of 261 livestock departments, including 99 large horned cattle departments, 91 sheep departments and 71 pig departments.

The increase in total head of draught and produce animals in the collective farms during this period was as follows:

Large horned cattle	increased	to	20,000,000
Sheep and goats	„	„	41,900,000
Pigs	„	„	8,200,000
Horses	„	„	14,400,000

The number of large horned cattle owned by the collective farms towards the end of 1940 was equal to the total in all Germany in 1938. And Germany is rightly regarded as a country in which stock breeding is highly developed.

In pursuance of the wishes of the collective farms the 1941 plan provides for a further increase in collective farm livestock, *viz.*: large horned cattle by 19 per cent—including cows by 24-25 per cent—sheep and goats by 23-24 per cent, pigs by 38 per cent, and horses by 9-10 per cent.

The achievements of the agriculture of the U.S.S.R. are consider-

able. However, they might be greater still if we drew upon our additional potentialities and eliminated shortcomings and the toleration of shortcomings on the part of the organs of the People's Commissariat of Agriculture and of the People's Commissariat of State Farms. The following, at least, must be regarded as shortcomings of this kind:

1) Tractors and harvester combines standing idle even during the busiest periods of the agricultural year.

2) Losses of grain and industrial crops, especially owing to delayed harvesting.

3) Rather excessive losses in stock breeding, and non-fulfilment of the program of stock productivity.

4) The fact that a part of the collective farmers do not work the necessary minimum number of days, which has the effect of retaining hidden labour reserves in agriculture.

The adoption, following the example of the Ukraine, of the system of additional payment of the labour of collective farmers who secure more than the planned yields of agricultural crops and productivity of livestock will help still more to rally the collective farm peasantry in the effort to achieve the further progress of socialist agriculture.

Such are the principal provisions of the plan for 1941 in the sphere of agriculture.

TRANSPORT

I now pass to the question of transport. The increasing output of the national economy of the country from year to year makes growing demands on the rail and water transport services in respect to the carriage of vast quantities of freight. The transport services require increasing amounts of equipment. With the growing freight traffic of the country, there is a growing need to rationalize its organization.

The present war has revealed the tremendous importance of the transport services to the life of a country or people. No sea power, if it wishes to be independent, can dispense with a highly developed fleet and sea routes. But the U.S.S.R. is not only a sea power; it is—and this is more important—a big railway power. The importance of railways to the U.S.S.R. is just as great as the importance of a fleet is to a big sea power.

In the past few years the Central Committee of the C.P.S.U.(B.)

and the Council of People's Commissars of the U.S.S.R. have shown special interest in the needs of the transport services, and have done everything for their improvement. The hostilities in which the Red Army was involved at the end of 1939 and in the beginning of 1940 showed that in spite of individual shortcomings, our railway system successfully coped, and will undoubtedly be able to cope again, with the mobilization requirements of our Red Army.

In 1941 freight carriage will increase as follows:

Rail freight to 431,000,000,000 ton-kilometres, or by 4 per cent
River freight to 46,360,000,000 ton-kilometres, or by 28 per cent

As you see, the purpose of the 1941 plan is to achieve a much more rapid increase of river-freight traffic in order to relieve the railways and to provide water transportation for the rapidly increasing volume of freight. Thanks to the construction and development of waterways—the Dnieper-Bug Canal, the Moscow-Volga Canal, and the reconstruction of the Mariinsk system—the river transport service has every opportunity of fulfilling this program.

One important means by which freight traffic may be increased in the proportions and directions required by the national economy *is to put an end to irrational haulage, that is, to excessive long-distance hauls and cross-hauls.* A reduction of the time freight is in transit lowers the cost of production of goods and shortens the time required for their production, and, consequently, accelerates the rate of extended socialist reproduction.

Yet cross-hauls and excessive long-distance hauls are still all too common. Although, in the aggregate, the length of haul in 1940 was somewhat less than in 1939, nevertheless the average length of haul of such mass goods as coal and timber increased in 1940, rather than decreased. Let me cite a few examples of irrational haulage that occurred in 1940.

Four hundred and seventy thousand tons of coal from the Kusnetsk Basin in Siberia were consigned to Central Asia, to the area of the Tashkent and Ashkhabad Railways. Yet the requirements of the Union Republics of Central Asia, including the requirements of the railways themselves, may be more than covered by extracting coal locally, where there are very large deposits.

Two and a half million tons of coal from the Kuznetsk Basin in Siberia were consigned in 1940 to the area of the Kuibyshev, Kazan and Gorky Railways, and even farther west, in spite of the fact that there are fairly considerable deposits of coal, shale and peat in the Urals and the Central Areas of the Soviet Union.

This irrational, or excessive, hauling of coal, the lion's share of which is consumed by the locomotive itself in the process, should be discontinued. What is needed for this is to increase the mining of coal in the central regions, in the Urals and in Central Asia. What is further needed is that the People's Commissariat of Railways and the State Planning Commission institute real control over freight traffic.

Owing to the delay of the People's Commissariat of the Iron and Steel Industry in adopting measures to end the narrow specialization of rolling mills and to eliminate the shortcomings in the organization of metal supply, inter-district cross-hauling of metal still continues. In 1940, 12,500,000 tons of metal were consigned from, and 900,000 tons consigned to, districts in the Ukrainian Republic. Two million tons of metal were consigned from, and 1,400,000 tons consigned to, districts of the Urals. While 1,800,000 tons of metal were consigned from the Central regions, 3,500,000 tons were consigned to them. Eight hundred thousand tons of metal were consigned from the North-Western districts at the same time that 2,000,000 tons were consigned to them. Thus we have districts consigning large quantities of metal and at the same time bringing in large quantities from other districts in the reverse direction.

Owing to the failure of the People's Commissariat of the Iron and Steel Industry to carry out the decision of the Eighteenth Congress of the C.P.S.U.(B.) relative to the opening up of manganese mines in new districts for the needs of the Urals and Siberia, the latter continue to procure their manganese ore from far-off Transcaucasia and the Ukraine. In 1940, 185,000 tons were consigned from Chiaturi and Nikopol to the Urals, and 90,000 tons to districts in Siberia. Yet at the same time the rich manganese deposits in the Northern Urals and Bashkiria are still being inadequately worked by the People's Commissariat of the Iron and Steel Industry.

Hence the additional opportunities for improving the work of the railways by putting an end to irrational haulage are still far from being utilized. Yet if the average length of haul, and hence of car run, were reduced by even ten kilometres compared with 1940, it would enable the railways to increase their daily loadings by nearly 1,500 cars.

In 1941 the railways will be assigned 6,500 million rubles by the state for capital investment, which exceeds the assignments made in 1940 by nearly 55 per cent. The number of new cars to be supplied to the railways in 1941 will be almost double that of the previous year.

The prime task that faces the railways is to see that their chief properties—permanent way and rolling stock—are in proper order and to enlarge the capacity of congested lines and sections which are reducing the efficiency of the entire railway system.

Apart from certain special lines and sections which it is incumbent on the People's Commissariat of Railways to expand in 1941, attention should also be paid to increasing the capacity of the Urals railways, which until now have not been fulfilling their programs. This state of affairs should be ended for good, since the Urals railways are a highly important factor in the national economy of the Soviet Union.

Big potentialities lie in *speeding up the circulation of rolling stock.* The tremendous reserves at the disposal of the railways are shown by the following facts.

In 1940, of the average circulating time of a freight car—19 per cent was spent in actual movement, 11 per cent at intermediate stations, 21 per cent in loading and unloading, and 49 per cent in marshalling and other operations.

In 1940 the average circulating time of freight cars was reduced several hours as compared with 1939. However, the potentialities here are still very great. A reduction in the circulating time by 3 or 4 per cent as a result of curtailing time spent in loading and unloading and in marshalling and other operations, would enable the railways to increase car loadings by some 3,500 cars a day.

But the national economy possesses even greater potentialities for increasing freight carriage in the case of *water transport.* The U.S.S.R. is one of the richest countries in the world with regard to waterways.

Although water-borne freight showed an increase in 1940, it is still below what the plans call for, and is still not relieving the railways sufficiently. The position is particularly unsatisfactory with regard to the river transportation of such freight as timber, building materials, coal and oil. Let me give a few examples.

One million five hundred thousand tons of timber are brought by rail to Leningrad and the Leningrad region every year. Yet the People's Commissariat of the River Fleet has every opportunity of organizing the shipment of this timber by water, *via* the White Sea-Baltic Canal and the Mariinsk system. This is demanded by the interests both of the national economy and of the railways.

In 1940, about 1,200,000 tons of timber were delivered by rail to stations of the Orjonikidze and Transcaucasian Railways. This freight might have been entirely entrusted to the water transport service.

Yet the delivery of timber *via* the Volga and the Caspian to districts in the Orjonikidze Territory and Transcaucasia is organized very unsatisfactorily by the People's Commissariat of the River Fleet.

River transport is still being inadequately utilized to relieve the railways of oil freight. The plan for oil shipments was not fulfilled in 1940; and, in particular, it was not fulfilled in respect to oil shipped north from Astrakhan along the Volga. The People's Commissariat of the River Fleet will have to increase the carriage of oil by water considerably in 1941.

Data relating to the utilization of the river fleet testify to the existence of big unutilized potentialities for increasing water-borne traffic.

In 1940, owing to untimely completion of winter repairs of vessels, the People's Commissariat of the River Fleet failed to fulfil the program with regard to towed traffic alone by nearly 1,300 million ton-kilometres; in particular, the huge Volga oil-carrying fleet fell 750 million ton-kilometres short of its plan.

In addition, owing to delays in summer repairs of vessels, the People's Commissariat of the River Fleet under-fulfilled the 1940 plan for bulk freight by 700,000,000 ton-kilometres.

The urgent duty of the water transport service is to reduce the idle time of river craft, which is still excessive, improve the quality of repairs of vessels, especially winter repairs, and effectively utilize our country's vast waterways. All the conditions are there for our water transport workers to fulfil and even over-fulfil the plan, the big plan, of increasing water-borne freight in 1941 by 28 per cent.

Such are the principal provisions of the plan of 1941 in the sphere of water transport.

CAPITAL DEVELOPMENT

I now pass to capital development. The plan of construction and geographical distribution of plants in 1941 adopted by the Central Committee of the C.P.S.U.(B.) and the Council of People's Commissars of the U.S.S.R. is an imposing one. It mobilizes the national economy of the U.S.S.R. for the accomplishment of new and great tasks in the construction of Socialism.

The program of capital investment in the U.S.S.R. exceeds the investments in 1940 by over 50 cent. This program reflects the progressive advance of socialist society. What is the reason for this substantial increase in capital investments? It is due to the urgent

demands of our development and the expansion of socialist industry, to the necessity of accelerating the accomplishment of the task of overtaking the principal capitalist countries economically.

Out of a total of 48,000 million rubles of centralized capital investments, industry accounts for 30,600 million rubles, or 71 per cent above the 1940 figure.

The biggest increases in capital investments are in the following branches of national economy:

	Increase over 1940 Per cent
Iron and Steel Industry	122
Non-Ferrous Metals Industry	93
Oil Industry	123
Power Stations	148
Machine-Building Industry	102

In the structure of our capital investments the policy of our Party can be clearly perceived. This policy is designed for the further advancement of socialist industry, and, consequently, of the entire national economy of the U.S.S.R.

The plan for 1941 envisages substantial changes in the geographical distribution of the new plants. The volume of capital construction work in the Union Republics in 1941 as compared with 1940 will increase as follows:

In the R.S.F.S.R. the increase amounts to 50 per cent. Specifically, the capital investments in the Urals and Western Siberia will increase by 58 per cent, in the South-East by 66 per cent, and in the North and North-West by 147 per cent. Here new and powerful industrial bases of the Soviet Union will be created. Now that the frontier of the Soviet Union in the vicinity of Leningrad has been rectified and the security of Leningrad greatly enhanced, the Central Committee of the Party and the Council of People's Commissars of the U.S.S.R. find it possible to invest considerable amounts of capital in the industry of Leningrad and the Leningrad region in 1941.

In the Ukrainian S.S.R. the capital investments in national economy in 1941 will increase by 76 per cent, the increase being mostly in the machine-building, metallurgical and chemical industries and in the transport services. Big capital investments will be made in the national economy of the Moldavian S.S.R., especially in its industry and transport services.

In the Byelorussian S.S.R., capital investments are to be increased by 45 per cent. The fastest development will be shown by the fuel and machine-building industries, power stations and transport.

The rate of increase of capital development in the Transcaucasian Union Republics will be higher than the average for the U.S.S.R. as a whole. Capital investment in the national economy of the Georgian S.S.R. will increase by 101 per cent, of the Armenian S.S.R. by 135 per cent, and of the Azerbaijan S.S.R. by 122 per cent. The biggest investments will go to the oil, machine-building, iron and steel and non-ferrous metals industries.

In the Union Republics of Central Asia, the biggest increases in capital investment will be in the oil, coal and non-ferrous metals industries and in irrigation works. Capital investments in the national economy of the Tadjik S.S.R. will increase by 83 per cent, of the Kazakh S.S.R. by 51 per cent, of the Kirghiz S.S.R. by 132 per cent, and of the Turkmen S.S.R. by 72 per cent. The largest assignments for capital investments will go to the national economy of the Uzbek S.S.R., where a local source of coal supply is being created and the construction of the Chirchik hydro-electric power station and nitrogen fertilizer plant is being continued.

In the Karelo-Finnish S.S.R. capital investments are to increase by 280 per cent. The quickest rate of development here will be shown by the iron and steel, the non-ferrous metals, and the timber, cellulose and paper industries, by power stations, and by the transport services.

The Lithuanian, Latvian and Esthonian Soviet Socialist Republics will in 1941 be carrying out a program of construction of socialist enterprises for the first time. The machine-building, fuel, power and textile industries will be greatly developed. The proportion of socialist industry in the national economy of the Baltic Republics will increase in full accord with the interests of the workers, peasants and intellectuals of the new Socialist Soviet Republics.

The program of increase of capital investments provided for in the 1941 plan lays serious obligations on the People's Commissariats and on the Party organizations in the localities. The assigned quotas of materials and machinery must be used to the full, local production of building materials must be expanded to the utmost, and contingents of building workers trained in good time.

The 1941 plan of capital construction for the country as a whole provides for construction work on 2,955 plants, of which 2,213 will be new construction jobs or plants already under construction, and 742 plants already in operation which are being expanded and reconstructed.

In view of this broad scale of construction of new plants, it is highly important to arrange for the proper economic cooperation of

the future plants within each economic area. The industrial People's Commissariats should be reminded of this highly important task, for many of them are not showing proper concern for the supply of their future plants, even for such supplies as castings, parts and semi-manufactures. Anybody who reckons upon securing these elements of production from outside, all the more from other economic areas, may encounter very grave inconveniences when it comes to starting operations at the new plants. It is the Commissariats that must plan for the supply of their future plants and must arrange for it first and foremost within the economic area concerned.

The state plan provides for 1,576 industrial plants being put into operation in 1941 in full or in part; of these, 1,151 will be new plants and 425 reconstructed plants.

The new production capacities and plants to be constructed and put into operation in the various branches of industry under the state plan of 1941 are as follows.

Coal industry: pits with an aggregate capacity of 27,000,000 tons per year to be started, including 22,700,000 tons in the collieries of the People's Commissariat of the Coal Industry.

Oil industry: wells to an aggregate depth of 3,120,000 metres to be drilled; 1,938 newly-drilled wells and 1,590 formerly idle wells to start operating.

Power industry: installations with a total capacity of 1,750,000 kilowatts to be started, including 815,000 kilowatts at district power stations of the People's Commissariat of Power Stations.

Iron and steel Industry: a) new blast furnaces with a total annual capacity of 2,300,000 tons of pig iron, steel furnaces with a total capacity of 2,780,000 tons, new Bessemer converters, coking ovens, rolling mills, agglomeration plants, and iron mines to be started;

b) construction of the following new metallurgical plants to be expanded: a second metallurgical plant in Siberia, two plants in the Urals, and plants in Transcaucasia, the Karelo-Finnish Republic and in the Vologda Region.

Machine building: a) construction of a heavy engineering plant in Siberia, a heavy crane plant in Siberia, a large forgings plant in the Ukraine, three forging machinery plants in the Ukraine, two in the Urals, and others in the Volga Region and Western Siberia;

b) construction of new machine-tool plants: heavy machine-tool plants in the Urals and Siberia, boring mill plant in Siberia, automatic and turret lathe plant in the Urals, grinding machine plant in the Voronezh Region, precision machine plant in the Penza Region,

broaching machine plant, gear-cutting machine plant and large heavy duty lathe plant in the Volga Region, planing machine plant and automatic and semi-automatic machine plant in Siberia, lathe plant in the Ryazan Region, and multiple drilling machine plant in the Yaroslavl Region;

c) construction of the following electrical equipment plants: a transformer plant in the Urals, a low voltage equipment plant in the Volga Region, an electric motor plant in Siberia, an electrical instrument plant in the Krasnodar Territory and a relay and automatic appliances plant in the Volga Region.

Textile industry: a) installation of 850,000 cotton spindles;

b) construction of cotton textile mills in Stalinsk, Barnaul, Tashkent and Krasnoyarsk, a belting plant in Astrakhan, and a carding plant in Yaroslavl.

The fulfilment of this plan of capital construction calls for a decided improvement in the work of the People's Commissariat of the Building Industry and of the building organizations.

Great possibilities in fulfilling the plan of capital construction are opened up by express building methods. Let me cite as an example the construction of a new plant by the People's Commissariat of Armaments.

In December 1940, this People's Commissariat was instructed by the government to erect a new plant by April 1, 1941, that is, within a little more than three months. The plant was to have a floor space of 19,500 sq. metres, and to accommodate several thousand workers in each shift.

The People's Commissariat decided to employ light standard parts, in order to economize material as much as possible and have the plant ready for operation at the earliest date. The plans were drawn up and approved in ten days. All the preparatory work took another ten days, the steel structural parts being made on the building site by the builders themselves.

The weight of all materials used in the construction has been reduced to one-fifth; the amount of metal required is no more than that used in ordinary ferro-concrete construction. Thanks to the elimination of laborious processes and to maximum standardization, the number of workers is one-third of that usually employed on such jobs.

In December 1940 there was no sign yet of any building operations. Now, in February 1941, the walls of the plant have been erected, construction parts are being assembled, and the builders

promise to have the plant ready by the end of March 1941, that is, in the scheduled time.

This example shows that all our medium capacity plants may be built and started within a period of one year.

The plan of capital construction for 1941 proceeds on the assumption that builders and Party and business organizations will be able to do away with the bottle-necks in the organization of construction work. Comrade Stalin has told us time and again that plans must not be static, based, that is, only on resources already available. There is no worse sight than to see a so-called man of affairs limping after life, instead of organizing it and going ahead. Our plans must be dynamic, so that the people who fulfil them carry the work forward, overcoming difficulties and multiplying our potentialities.

Such are the tasks of the plan of 1941 in the sphere of capital development.

MATERIAL AND CULTURAL STANDARD OF THE PEOPLES OF THE U.S.S.R.

I now pass to the material and cultural standard of the peoples of the U.S.S.R.

The systematic growth of the national income of our country, and hence of the social wealth and the personal consumption of the working people, is due to the fact that new contingents of workers, collective farmers and intellectuals are constantly being drawn into production, as well as to the increasing productivity of labour.

The size of the working class in the U.S.S.R. is growing from year to year. The number of workers and office employees engaged in the national economy increased to 30,400,000 in 1940, as compared with 27,000,000 in 1937. According to the plan for 1941 the number of workers and office employees is to increase to 31,600,000.

The continued development of industry demands the systematic replenishment of the working class with new skilled forces and a proper distribution of labour power among the various branches and regions such as the interests of the national economy warrant.

In 1940, on the initiative of Comrade Stalin, the Party and Government began to create state labour reserves by training skilled forces of young workers in trade schools and factory training schools.

In 1941 it is proposed to enrol an additional 350,000 new students in the trade and railway schools, and 537,000 in the factory training schools. Already in 1941 socialist industry will be reinforced by

794,000 young skilled workers who have been through the factory training schools.

The steps taken by the Party and Government to create state labour reserves are of fundamental importance in determining the qualitative and quantitative composition of the working class, in further advancing our industry, and in placing the socialist planning of the national economy on a firm footing.

Compared with the previous year, the aggregate payroll of workers and office employees in the national economy of the U.S.S.R. will increase in 1941 by 14,000 million rubles, and will total upwards of 175,000 million rubles. This tremendous increase in the payroll of the workers and office employees is accompanied and made possible by an increase in labour productivity.

The plan for 1941 provides for a 12 per cent increase in productivity of labour and a 6.5 per cent increase in average wages per worker. This proportion between increase of labour productivity and average wages furnishes a basis for lowering production costs and increasing socialist accumulation, and constitutes the most important condition for the realization of a high rate of extended socialist reproduction.

The necessity of a higher increase in labour productivity as compared with increase in wages is perfectly obvious: in order to develop its productive forces the nation must produce more in any one year than it uses up in personal consumption.

The state and cooperative retail trade turnover in 1941 will approximate 197,000 million rubles, representing an increase of 22,500 million rubles over 1940. The increase of retail trade is based on an increased output of industrial goods and agricultural produce, and on the rising incomes of workers, collective farmers and intellectuals.

The decision of the Central Committee of the C.P.S.U.(B.) and the Council of People's Commissars of the U.S.S.R. on the measures to increase the production of consumers' goods and foodstuffs from local raw materials should be a spur to local initiative in enlarging industrial and food resources, and will serve as a new means of increasing trade in the country. It is one of the major tasks of the Party, Soviet and business organizations to develop trade to the utmost and to eradicate all manifestations of bureaucracy in the trading system.

The rising standard of living of the people of the U.S.S.R. is attended by a rise in the level of culture. State appropriations for

social and cultural services, which amounted to 35,200 million rubles in 1938, increased to 41,700 million rubles, or by 18.5 per cent, in 1940. The draft state budget for 1941 provides for an increase in expenditure on social and cultural services to 47,800 million rubles, 14.6 per cent more than in the previous year.

The cultural progress of the peoples of the Soviet Union is indicated by a further increase in the number of school pupils and university students. The total number of elementary and secondary schoolchildren in the school year 1941-42 will reach 36,200,000, or an increase of 3.4 per cent over 1940-41. The number of university students will reach 657,000, or an advance of almost 13 per cent.

The increase in the number of students in 1941 and the growth of the number of engineers and technicians in industry will mark a further step in the cultural and technical advancement of the peoples of the Soviet Union. The people, their culture and their productive skill, these are the decisive productive force in our society.

During the period of the Five-Year Plans the Soviet people have advanced immensely in culture and in the acquisition of technical skill. Very interesting in this respect are the figures of the last census in the U.S.S.R.

As you know, the census shows that between 1926 and 1939 the population of the Soviet Union increased by 16 per cent. But just see how fast the forces of skilled workers and intellectuals in the Soviet Union increased in the same period:

	Increase
a) Workers:	
Mechanics	3.7 times
Turners	6.8 „
Millwrights	13.0 „
Locomotive drivers	4.4 „
Plasterers	7.0 „
Tractor drivers	215.0 „
b) Intellectuals:	
Engineers	7.7 times
Agronomists	5.0 „
Scientists	7.1 „
Teachers	3.5 „
Physicians	2.3 „

Such are the chief indices of the rising material and cultural standard of the peoples of the U.S.S.R.

Comrades, the achievements of the national economy of the U.S.S.R. in 1940 have been immense. The country owes these achievements to our heroic people, to our Communist, Bolshevik Party, and

to the leader of peoples, Comrade Stalin. (*Loud and prolonged applause.*)

But greater still are the tasks of development that confront us in 1941. The decisive condition for fulfilling the plan is control and verification of the way the adopted plan is carried out in every factory, in every collective farm, and by every Party organization. That is our most reliable guarantee against bureaucracy, a guarantee of our irresistible advance towards Communism.

The historic tasks of the year 1941 will be accomplished by the peoples of the Soviet Union, headed by our Party, by our Stalin. (*All rise. Loud and prolonged applause. Cheers for Stalin.*)

ECONOMIC RESULTS OF THE U.S.S.R. IN 1940 AND THE PLAN OF NATIONAL ECONOMIC DEVELOPMENT FOR 1941

RESOLUTION

Of the Eighteenth All-Union Conference of the C.P.S.U.(B.) on the Report Delivered by N. Voznesensky

I. RESULTS OF 1940

The Eighteenth All-Union Conference of the C.P.S.U.(B.) notes that in 1940 the national economy of the U.S.S.R. made considerable progress in accomplishing the tasks laid down in the Third Five-Year Plan adopted by the Eighteenth Congress of the C.P.S.U.(B.).

In the first three years of the Third Five-Year Plan the industrial output of the U.S.S.R. increased from 95,500 million rubles in 1937 to 137,500 million rubles in 1940, or by 44 per cent, including an increase in the output of the machine-building and metal-working industry by 76 per cent.

In 1940, in spite of the continuation of military hostilities at the beginning of the year, the industrial output of the U.S.S.R. increased by 13,600 million rubles, or by 11 per cent, as compared with 1939, this including an increase in the output of the machine-building and metal-working industry by 19 per cent. The rate of increase of industrial output gathered speed from month to month throughout the year 1940.

The output of means of production in 1940 increased by 13.8 per cent as compared with 1939, and by 52 per cent as compared with 1937. The output of articles of consumption increased in 1940 by 7 per cent as compared with 1939, and by 33 per cent as compared with 1937.

In the latter half of 1940 a distinct improvement began in the work of the iron and steel industry, which towards the end of the year achieved an average daily output of 46-47,000 tons of pig iron, as against 40,000 tons at the end of 1937, and an average daily output of 58-59,000 tons of steel, as compared with 50-51,000 tons.

There was likewise an improvement in the work of the non-ferrous metals industry. As compared with 1937, the output of aluminium in 1940 increased by 59 per cent, copper by 65 per cent, nickel by 280 per cent, and tin by 300 per cent.

However, the increase in the output of metal is not keeping up with the programs of the Third Five-Year Plan and still does not cover the growing demands of the national economy of the U.S.S.R.

A distinct advance, especially in the latter half of 1940, was made by the coal industry of the U.S.S.R. Coal output in 1940 increased by 13 per cent, or by nearly 19,000,000 tons, compared with 1939. In the latter half of 1940, an improvement began in the work of the oil industry, the average daily output rising by the end of the year to 97-98,000 tons, as compared with 84-86,000 tons towards the end of 1937. Nevertheless, the oil industry still continues to fall short of the program of the Third Five-Year Plan.

The measures taken by the Central Committee of the C.P.S.U.(B.) and the Council of People's Commissars of the U.S.S.R. to improve labour discipline and to increase working time in plants and institutions have resulted in a further rise in labour productivity and have created the conditions for a new industrial advance. However, the potentialities for increasing labour productivity and output have not yet by any means been utilized to the full by a number of branches of industry, especially by the timber industry and the building materials industry, which considerably fell short of fulfilling their plans for 1940 and are to be considered as backward branches of industry.

In 1940 railway freight carriage increased—from 392,000 million ton-kilometres in 1939 to 409,000 million ton-kilometres in 1940. River-borne freight increased to 36,000 million ton-kilometres, as compared with 33,000 million ton-kilometres in 1937 and 34,600 million ton-kilometres in 1939. However, there are grave defects in the work of the railways: irrational carriage of freight still continues, which places an unnecessary burden on the railways, while the restricted traffic capacity of a number of sections and lines has not been eliminated.

There has been an increase in the gross harvest of grain, sugar beet, sunflower-seed, potatoes and vegetables. The grain crop of the U.S.S.R. in 1940 amounted to about 7,300 million poods.

In 1940 there was an increase in livestock in the collective farms: large horned cattle by 12 per cent, pigs by 15 per cent, sheep by 25 per cent, and goats by 34 per cent. Socialized collective farm animal

husbandry is confidently increasing its share in the total head of livestock of the country.

There is a steady improvement in the material and cultural standards of the working people of the U.S.S.R. The aggregate payroll of the workers and office employees of the U.S.S.R. increased in 1940 to 123,700 million rubles, as compared with 82,200 million rubles in 1937 and 116,500 million in 1939. There has been an increase in the incomes of the collective farms and in the personal incomes of the collective farmers.

The volume of capital investments in the construction of new plants amounted in 1940 to nearly 38,000 million rubles (including about 6,000 million rubles of decentralized capital investment). Aggregate capital investments for the first three years of the Third Five-Year Plan totalled 108,000 million rubles (including 17,500 million rubles of decentralized capital investment). During these three years hundreds of new mills, factories, mines, power stations and other state industrial establishments were put into operation, the effect of which has been to increase the capacity of the coal mines by 51,000,000 tons, the capacity of the power stations by approximately 2,400,000 kilowatts, the capacity of the blast furnaces by 2,900,000 tons of pig iron, and the capacity of the cotton textile mills by about 1,000,000 spindles.

II. ECONOMIC PLAN FOR 1941

The Eighteenth All-Union Conference of the C.P.S.U.(B.) considers the further advancement of the principal branches of industry and of the national economy as a whole—metallurgy, machine-building, agriculture and transport—to be the chief economic task of 1941. Particularly essential is a further increase in the output of pig iron, steel, non-ferrous metals, coal and oil and the maximum development of machine construction of all kinds.

The Eighteenth All-Union Conference of the C.P.S.U.(B.) approves the state plan of national economic development of the U.S.S.R. for 1941 adopted by the Central Committee of the C.P.S.U.(B.) and the Council of People's Commissars of the U.S.S.R., and calls upon Party, Soviet and business organizations to concentrate their attention and efforts on the accomplishment of the following economic tasks in 1941:

1. To increase the gross output of the industry of the U.S.S.R.

to 162,000 million rubles, representing an increase of 17 or 18 per cent as compared with 1940, including an increase of 23.5 per cent in the industries producing means of production, and of 9 per cent in the industries producing articles of consumption.

2. To increase the output of pig iron to 18,000,000 tons, of steel to 22,400,000 tons, and of rolled steel to 15,800,000 tons.

3. To raise the output of coal to 191,000,000 tons, of oil and gas to 38,000,000 tons, and of peat to 39,000,000 tons.

4. To raise the output of the machine-building industry by 26 per cent as compared with 1940.

5. To increase the capacity of the power stations by 1,750,000 kilowatts.

6. To increase the capacity of the cotton textile industry by 850,000 spindles.

7. To increase the gross grain crop by 8 per cent.

8. To ensure the average daily loading of 103,000 cars on the railways. To eliminate the discrepancy between the development of water-borne freight and the requirements of the national economy.

9. To increase the turnover of state and cooperative retail trade to 197,000 million rubles.

10. To increase productivity of labour in industry and building construction by 12 per cent.

11. To lower production costs in industry by 3.7 per cent and thus ensure an additional accumulation in industry amounting to 7,300 million rubles.

12. To increase the number of pupils in the elementary and secondary schools to 36,200,000, and of students in the higher educational establishments to 657,000, so that total expenditure on social and cultural measures shall reach 48,000 million rubles.

13. To fulfil the program of capital investment, amounting to 57,000 million rubles (including 9,000 million rubles of decentralized capital investment).

14. To secure a further increase in the state material and financial reserves.

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The Eighteenth All-Union Conference of the C.P.S.U.(B.) expresses its firm conviction that all Party organizations will still further develop socialist competition among the working class, the collective farm peasantry and the intelligentsia and ensure the fulfilment and over-fulfilment of the plan of national economic development of the U.S.S.R. for 1941.